

Charity Registration No. 1132154

Company Registration No. 134549 (England and Wales)

**THE UNITED REFORMED CHURCH  
(NORTHERN PROVINCE) TRUST LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

# THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED

## LEGAL AND ADMINISTRATIVE INFORMATION

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<b>Directors</b>	J.A.Breslin D.Grosch-Miller J.C.G.Forrest A.Hamnett A.P.Haws J.C.Kennedy M.J.Louis P.B.Matthew W.I.Buchanan H.J.Finlayson J.R.Tomlin C.Hogg	(Resigned 9 October 2017) (Appointed 11 August 2017)           (Appointed 11 March 2017)
<b>Convenor:</b>	D.Grosch-Miller	(Appointed 7 October 2017)
<b>Chair</b>	J.A.Breslin	(Resigned 7 October 2017)
<b>Treasurer</b>	A.P.Haws	
<b>Secretary</b>	A.Hamnett	
<b>Trust officer</b>	A.Atkinson	
<b>Finance officer</b>	H.E.Hogg	
<b>Charity number</b>	1132154	
<b>Company number</b>	134549	
<b>Registered office</b>	4 College Lane, Newcastle upon Tyne, NE1 8JJ	
<b>Auditor</b>	RMT Accountants & Business Advisors Ltd Gosforth Park Avenue, Newcastle upon Tyne, NE12 8EG	
<b>Bankers</b>	Bank of Scotland Plc PO Box 1000, BX2 1LB  Lloyds Bank plc PO Box 1000, BX1 1LT	
<b>Legal advisors</b>	Womble Bond Dickinson (UK) LLP St Ann's Wharf, 112 Quayside, Newcastle upon Tyne, NE1 3DX	
<b>Investment managers</b>	UBS AG (to December 2017) 2 St James' Gate, Newcastle upon Tyne, NE4 7JH  CCLA (from September 2017) Senator House, 85 Queen Victoria Street, London, EC4V 4ET	
<b>Nominees</b>	UBS AG (to December 2017) 1 Curzon Street, London, W1J 5UB	
<b>Property consultants</b>	Sanderson Weatherall LLP 22-24 Grey Street, Newcastle upon Tyne, NE1 6AD	

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# THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2017

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The Directors present their report and financial statements for the year ended 31 December 2017.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's Memorandum & Articles of Association, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016)

#### **Objectives and activities**

The Company's objectives are to advance the Christian religion for the benefit of the public in accordance with the doctrines, principles and usages and the Basis of Union of the United Reformed Church. In pursuit of this, the Company acts as trustee, holding monies, investments and properties for these purposes and for local churches.

The Company supports the Northern Synod's vision, to enable local churches to be lively, informed and be effective in being the church in their local setting and Synod to be an expression of the Church at regional level, in the light of the five marks of mission (tell, teach, tend, transform and treasure). The Company provides financial, advisory and technical support to assist churches in the Synod to reflect the United Reformed Church's Vision 2020 programme.

#### **Public benefit**

The Company is aware of the Charity Commission's guidance on public benefit. This requirement is met by enabling local churches to provide their services to the general public.

#### **Activities**

The Company carries out its work under 4 headings and illustrative examples of activity in 2017 are given below.

- *1. Discipleship* - supporting Christian spirituality, nurture, lay and ministerial education, development and training.

This is a cornerstone of Synod activity and the Trust assists this by funding courses, sponsoring events, and offering grants for specific developments and projects which strengthen individual or group faith experience such as financial support for students undertaking the denomination's Training for Learning and Serving course.

- *2. Mission* - promoting evangelism, mission, church growth, outreach and racial justice.

This is central to the Company's purposes. Specific examples include sponsoring a youth event in Northumberland, contributing to the Newcastle Evangelist project, supporting church related community projects in west Newcastle and Sunderland, and the Company adopting the St Cuthbert's Centre on Holy Island as a project. The Company also explored ways to support local credit unions and agreed to match fund local churches who decided to invest in a credit union.

- *3. Partnership* - supporting joint working with ecumenical, community and global partners.

The Company supports the Synod's partnership with the Presbyterian Church of Mozambique. It also works jointly with the Methodist Church on Safeguarding training, development of policies and other activities.

Other examples include working with a charity for housing refugees and assisting a church project in Sunderland working in partnership with Forget Me Not, (a charity working with people with dementia).

# THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

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- *4. Property* - providing and managing housing for ministers, retired ministers and their widow(er)s or former civil partners, and supporting local churches in proper care of their properties.

Property issues are considered by the Trust's Manse and Property sub-groups. Both groups initiate a schedule of surveys to assess the condition of property and subsequent maintenance requirements. Financial support for building preservation is made available through grants.

Starting in 2015 the Trust discussions have reflected those across the Synod regarding the future of ministry and churches in acknowledgement that fewer people are seeking ordination and in some places church membership is declining.

By January 2016 it was recognised that the Synod would be adopting a new Way Forward, which involves developing new patterns of ministry, building up local congregations and supporting churches with lay appointments where appropriate.

The Company is therefore seeking sustainable and responsible ways to fulfil Synod's aspirations, and making resources available to assist with developing new forms of ministry. It also recognises the potential benefits of employing people to support churches in their work.

The Trust has participated in the programme planning for the Synod Way Forward since its inception and will continue to participate in the programme and agree milestones during 2018.

The key issue presenting to the Trust is tackling how to use resources to support churches and which might involve employing more lay people, whilst maintaining its charitable duty to achieve best value for its investments.

#### *Grant-making*

Much of the Company's work is achieved through making grants (in 2017, some £121,830), which are given to churches and other bodies as well as individuals, in accordance with published policies for the following purposes:

- Repair, maintenance and improvement of church and manse buildings
- Mission, outreach and fresh expressions of church
- Lay and ministerial education and learning
- Travel to events for young people

Small welfare benevolences are also given.

#### *Staffing and Volunteers*

The work of the Company is carried out by volunteers (mainly the Directors) who receive expenses, as well as by two members of paid Synod staff, who are responsible to the Board and who refer to Directors or Officers when major decisions are needed. Local churches contribute towards the administrative costs of those employees.

No honoraria are paid to Directors of the Board.

Volunteers donated an estimated 800 hours' work in total during the year, which is hard to value in financial terms. The Board takes the view that the Company is not excessively dependent on any one individual.

Volunteers support the Trust directly through their roles as Directors, and others offer their time and help to subgroups and committees. The role of volunteers in furthering church activities is extensive and without it the churches' effectiveness will be limited. The Synod has recognised that volunteers require support and this is reflected in the Synod Way Forward.

# THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

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#### **Achievements and performance**

*Discipleship* – (£88,557) Spring Retreat was organised again this year and held at Ampleforth Abbey. An event was held at Keld Resource Centre entitled 'Trajectories for a Transforming Church', to encourage a vital perception of what the Christian church is and can be, based on faith in scripture. Growing Leaders events were held throughout the year to develop lay leadership for local churches and to reconsider new ways of ministry and groupings of congregations. Youth Internships attached to churches are being introduced and it is hoped this will lead to sustainable development. Grants and expenses were paid for Ministers' training, Sabbaticals, Youth and Children's Work and Lay training.

*Mission* – (£98,241) Mission continued to be supported during 2017 and included grants to St Antony's Priory (Outreach Project), Diocese of Newcastle (Staying Alive), Mid Northumberland Rural Churches (Ecumenical school Chaplaincy), St Cuthbert's Centre, Newcastle City Centre Chaplaincy, CRCW positions at RSM and Sunderland & Boldon Partnership, Grindon Church Community project, Newcastle Evangelist project and Ponteland and Wideopen Family and Children's Work project, Northumbrian Industrial Mission and NECAT. Six small mission grants were awarded to local churches and individuals, helping churches to benefit local communities. Various grants were awarded to assist with funding a community festival, holiday/youth project, media and computing equipment. The footsteps toolkit was developed during 2017 to embrace new ways of working to inspire and challenge congregations. This is to be launched at Synod in March 2018 and is a resource to assist churches in mission-based outreach. Footsteps includes a booklet and a dedicated website and Facebook group.

*Partnerships* – (£19,300) Costs relating to ecumenical ministries were shared as usual, and resources were also shared with poorer synods in the United Reformed Church through the Resource Sharing process. Support grants continue to be awarded to local churches where required. The Board is also apprised of and involved with collaborative arrangements between other synods in Northern Britain. These are intended to provide efficiency gains and put in place supportive and constructive working partnerships. The Listening and Reconciliation service comprises a team of volunteers nominated by Synods and focuses upon managing conflict in group situations. The Safeguarding Advisor is continuing to work with Synod, Trust and local churches to review and strengthen systems across all parts of the Synod. Pulpit supply continues to be subsidised by the Trust for churches in Northumberland. Liaising with Solicitors regarding church investment funds is ongoing throughout the year.

*Property* – (£237,524) The Company continued to maintain the properties for which it is directly responsible and ensured professional advice on legal and property matters for local churches. Church surveys were carried out throughout the year and ongoing general support was given to St Cuthbert's Centre. Grants were awarded for church and manse repairs and improvements totalling £54,806 during 2017.

Goals achieved in 2017 include:

- Review of investments manager's appointment
- Reform of property sales and lettings policy
- Reform of grants policy
- Appointment of Board Convenor

# THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

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#### Financial review

During the year, total funds increased by £417,271 (2016: £1,577,978), to £10,993,198. Expenditure was higher than income during 2017 although net gains on investments of £555,289 contributed substantially to the increase in funds. The Directors consider that this should enable the Company to continue to engage in significant future work.

#### Income

The Trust is grateful for the synod levy payments received from churches and a legacy of £3,300 received during the year. Investment income of £280,604 was pleasing to note, and well ahead of expectations. Included in other income (note 5) is £170,000 for church properties handed over to the Trust for sale during 2017.

#### Expenditure

There were no exceptional items of expenditure during 2017.

#### Reserves Policy

The Company has a policy of maintaining sufficient reserves to provide the necessary income for the efficient running of the Synod's administration, and the provision of grants and donations to the church and to individuals in order to comply with the objects of the Trust. The Company's policy is to hold a level of reserves that will provide an income to meet its ongoing costs.

The Charity operates this policy taking note of the guidelines and recommendations contained in the Charity Commission document Charity reserves: building resilience CC19, while bearing in mind the need to raise sufficient income from its investments to meet its ongoing costs.

#### Reserves Needed

The charity has made an assessment of the reserves it needs using the guidance given in CC19 and the categories set out in Annex 1, A Simple approach to developing a Reserves Policy. A summary of the required reserves is as follows:

• a) To meet unforeseen emergencies and other needs	£200,000
• b) To cover unforeseen day-to-day operational costs*	£55,000
• c) Sources of income such as grants and donations not eventuating	£40,000
• d) Planned spending commitments (eg grants to local churches which are approved but not yet taken up)	£200,000
• e) Cover against 'troughs' in the cash budget*	£250,000

Total Reserves Needed	£745,000
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NB \* The estimates under b) and e) are based upon quarterly expenditure.

# THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

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Whilst this figure is derived by using the guidelines set out in CC19, there was a case reported recently by a URC Synod similar in size to Northern Synod that it had forfeited the opportunity to receive a substantial grant because it was considered by the grant awarding body to have insufficient reserves. The Synod Trust actually held about £1.5 million in its reserves. Thus, it seems prudent for Northern Synod Trust to hold reserves in excess of £2 million to ensure it has access to grant funding as and when required.

#### Reserves Held (using CC19 guidelines)

##### Unrestricted funds in undesignated accounts (from note 23):

General funds	£ 604,986
General reserves	£2,079,093
Reserves	£2,684,079

There is no certainty as to when the designated and programme funds will be called upon but all of these funds are active and can be called upon at any time. Also the section below relating to 'Sources of Income' applies to these funds.

#### Excess of reserves held over CC19 calculated requirements

Using the methods of calculation for required and actual reserves set out in the Charity Commission document CC19 there is a substantial excess of reserves held. The reason for this arose from the historic and present sources of the Charity's income.

#### Sources of the Charity's Income

The Charity's long standing funds come from a combination of legacies, donations and sales of redundant properties. These funds are regarded by the Charity as having some of the character and function of Endowment Funds (as defined in CC19) though they are not designated as such. In particular, the income from investments provides a substantial portion of the Charity's total income meeting the final sentence of its Reserves Policy. Without this income the Charity could have annual deficits and its reserves could diminish at an increasing rate.

#### *Investment Policy*

The majority of the available funds of the Company are invested through its nominees, primarily the CCLA (Churches, Charities and Local Authorities) Investment management Ltd, one of the largest Charity Fund Managers in the UK. The financial policy of the company is to maximise the total return whilst maintaining a steady income by which the financial requirements of the company can be met. The portfolio is highly diversified with investment in both UK and overseas equities. CCLA operates an active ethical policy based not only on the types of activity engaged in by companies in which the fund invests, but also on active engagement over issues such as good governance and management, and good environmental policies.

It is not felt that this policy is having any detrimental effect on income or capital; the fund has returns that compare well with other investment vehicles, and performance is monitored at meetings of the investment sub-committee, which are held twice yearly. The current target is a total return of inflation plus 5% over the long term, and the last return statement from CCLA indicated a return of 12% against the comparator figure of 10% for the sector as a whole.



# THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

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#### *Risk Management*

The Directors are responsible for assessing the major risks to which the Company is exposed, and for establishing systems to mitigate those risks. The Trust maintains a risk register and considers external and internal risks to which the Company is exposed. The Trust undertakes a formal review of the risks to which it is exposed each year, with a mid-year review for monitoring purposes.

The Directors have considered 44 factors which could have a negative effect on the Company's ability to pursue its aims, both in terms of the likelihood of their occurring and the probable impact of such events. These cover governance, financial, property, office functionality, legal, human resources, and local church issues.

Significant risks identified include:

- Difficulties in appointing appropriate trustees or co-opted committee members to maintain the balance of the Trust
- Irreconcilable differences between Trust and a local church arise over trusteeship issues
- Dysfunctional board dominated by strong individuals, taking bad decisions
- Income from churches falls below levels needed by the Trust to sustain activities
- National financial responsibilities have to be re-funded
- Property surveys reveal extensive and costly repairs needed to many church properties
- IT systems fail including catastrophic power failure
- Office temporarily unable to provide support for Trust Committees
- Failure to adhere to legal guidelines and framework in the activities of the Trust
- HR issues involving failure to comply with legislation on the recruitment, selection and treatment of employees of Trust
- HR issues involving failure to comply with legislation on the recruitment, selection and treatment of employees of local churches part or wholly funded by Trust
- Advice on HR issues within local churches proving inadequate or misleading, and leading to difficulties with employees.

The Directors will continue to review and monitor these risks, and the adequacy of the systems in place to reduce them.

#### *Factors Affecting Performance*

The Company's ability to achieve its objectives depends on a number of factors, not necessarily within its control, such as performance of investments, and the effective coordinated work of professional advisors. In 2017 there were no significant factors of this type.

Other factors of which the Trust is cognisant include the reduction in volunteers across the synod and in churches which can cause them to close. This in turn reduces income from churches. Some remaining churches will have high maintenance costs. All of these issues have been considered by the Trust and Synod when developing future plans.

#### *Plans for the Future*

The Company plans to continue its work for the foreseeable future.

The Company has agreed in principle to support a strategic Way Forward plan for the Synod, and Trustees recognise their important role in assisting the implementation of the Synod's future strategy.

The Board reflects a broad range of professional experience within private, statutory and voluntary organisations, and of course extensive involvement with ministry and churches all of which will be drawn upon to steer the Company through the changes in the synod which lies ahead. During 2016 the Board has considered succession planning for key Board roles and will continue to pay attention to this issue to ensure a smooth and sustained membership can be maintained.

# THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

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Goals for 2018 include:

- Review legal advisor's appointment
- Complete reform of the investment pool
- Update data protection practice to comply with GDPR
- Undertake a Synod team review
- Review strategy (Strategic maintenance and retention of properties)

#### **Structure, governance and management**

The United Reformed Church (Northern Province) Trust Limited (formerly known as the Durham and Northumberland Congregational Union (Incorporated)) was incorporated in England & Wales in 1914. It is a private charitable company, limited by guarantee. It is governed by its Memorandum & Articles of Association, adopted in revised form on 4 August 2009, which confer various powers, including powers to hold, maintain and administer property, money and investments; to buy and sell property and investments; and to take over any assets legally transferred to the Company.

#### *Directors/Trustees*

The Directors who served during the year were:

J.A.Breslin	(Resigned 9 October 2017)
D.Grosch-Miller	(Appointed 11 August 2017)
J.C.G.Forrest	
A.Hamnett	
A.P.Haws	
J.C.Kennedy	
M.J.Louis	
P.B.Matthew	
W.I.Buchanan	
H.J.Finlayson	
J.R.Tomlin	
C.Hogg	(Appointed 11 March 2017)

The Directors give their time voluntarily, and receive no benefits from the Company. Any expenses reclaimed from the Company are set out in note 10 to the financial statements.

The Directors are appointed by the United Reformed Church Northern Synod, and the officers are appointed by the Board. A balanced Board is sought, with a mixture of experience, gender, and geographic spread. Where vacancies are identified, nominations are sought either by direct approach or advertisement amongst the 68 churches of the Synod. Under the United Reformed Church Acts 1972-2000, all members and Directors must also be members of a local church or ecumenical area of the United Reformed Church, and for this reason no candidates are sought outside the churches of the Northern Synod.

Upon appointment, all Directors are provided with an induction pack explaining the work of the Company, and including the Charity Commission's leaflet *The Essential Trustee: what you need to know*. Further training is provided during the year on a range of relevant topics.

# THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

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The Board meets five times a year and receives reports, sets policies and takes major financial decisions. Subcommittees deal with investments, staff remuneration, denominational Ministry & Mission Fund assessments, church and manse properties, and human resources. Small grant applications are considered by subcommittees, with larger ones referred to the Board. Investments are monitored regularly, with quarterly reports from the Investment Managers. Periodic condition survey reports are received from the Property Consultants on local church properties.

All decisions are taken by simple majority, with the Convenor having a casting vote. The Board may make decisions by agreement of two Directors, on straightforward, non-controversial matters. The day-to-day running of the Company's affairs is carried out by two members of office staff, who are responsible to the Board. The Finance Officer and Trust Officer support the day to day working of the Trust Company. Their tasks are operational in nature and they work within parameters defined by their role descriptions. All financial reports and information produced by the Finance Officer are checked by the Treasurer. The Trust Officer supports the Trust with administrative and legal support with policy decisions referred to the Board.

The Trust has a remuneration policy to provide effective stewardship of resources as well as being objective and transparent so that salary levels are perceived as being fair and rational. The salaries of lay staff employed by the Trust are assessed when a new post is created. This is carried out by members of the Human Resources Sub-Group. In making a recommendation of an appropriate salary level account is taken of:

- Levels of remuneration for posts of comparable responsibility within the not for profit sector in the North East of England
- Salaries being paid by the URC and other denominations across the United Kingdom

The proposed salary and its rationale are then discussed with the Remuneration Committee and the outcome recommended to the Trust. Salaries of lay staff are reviewed annually to reflect changes in the level of responsibility and increases in the cost of living which have occurred in the last 12 months. In exceptional circumstances a bonus payment may be recommended by the Remuneration Committee to reflect the performance of duties well in excess of what might normally be expected of the post-holder.

#### *Relations with other Parties*

The Company carries out its activities in concert with and in support of the United Reformed Church Northern Synod, an unregistered unincorporated charitable association.

# THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

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### Statement of Directors' responsibilities

The directors, who also act as trustees for the charitable activities of The United Reformed Church (Northern Province) Trust Limited, are responsible for preparing the Directors' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the Directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these accounts, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Auditor

A resolution proposing that RMT Accountants & Business Advisors Ltd be reappointed as auditor of the company will be put at a Board Meeting.

### Disclosure of information to auditor

Each of the Directors has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

The Directors' report was approved by the Board of Directors.



**D. Grosch-Miller**  
Director (Convenor)

Dated: 17<sup>th</sup> July 2018

# THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED

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#### Opinion

We have audited the financial statements of The United Reformed Church (Northern Province) Trust Limited (the 'charity') for the year ended 31 December 2017 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2017 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the accounts section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the accounts in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

# **THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED**

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#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Directors' Report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the Directors' report has been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a strategic report.

#### **Responsibilities of Directors**

As explained more fully in the statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

# THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED

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#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Stephen Slater (Senior Statutory Auditor)  
for and on behalf of RMT Accountants & Business Advisors Ltd  
Statutory Auditor  
Gosforth Park Avenue  
Newcastle upon Tyne  
NE12 8EG

Dated: 17 July 2018

# THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2017 £	Total 2016 £
<b>Income and endowments</b>						
Donations and legacies	3	94,962	63,610	-	158,572	114,724
Investments	4	243,381	37,223	-	280,604	239,749
Other income	5	66,064	184,106	-	250,170	1,197,337
<b>Total income and endowments</b>		<b>404,407</b>	<b>284,939</b>	<b>-</b>	<b>689,346</b>	<b>1,551,810</b>
<b>Expenditure</b>						
<i>Raising funds</i>						
Investment management	6	8,465	1,379	-	9,844	9,100
		8,465	1,379	-	9,844	9,100
Charitable activities	7	577,562	41,060	-	618,622	670,393
Other expenditure	12	66,599	18,299	-	84,898	9,288
<b>Total resources expended</b>		<b>652,626</b>	<b>60,738</b>	<b>-</b>	<b>713,364</b>	<b>688,781</b>
Net gains on investments	13	470,568	84,721	-	555,289	714,949
<b>Net incoming resources before transfers</b>		<b>222,349</b>	<b>308,922</b>	<b>-</b>	<b>531,271</b>	<b>1,577,978</b>
Gross transfers between funds		(158,890)	158,890	-	-	-
<b>Net Incoming resources</b>		<b>63,459</b>	<b>467,812</b>	<b>-</b>	<b>531,271</b>	<b>1,577,978</b>
<b>Other recognised gains and losses</b>						
Other gains or losses	14	(114,000)	-	-	(114,000)	-
<b>Net movement in funds</b>		<b>(50,541)</b>	<b>467,812</b>	<b>-</b>	<b>417,271</b>	<b>1,577,978</b>
Fund balances at 1 January 2017		9,205,338	1,170,589	200,000	10,575,927	8,997,949
<b>Fund balances at 31 December 2017</b>		<b>9,154,797</b>	<b>1,638,401</b>	<b>200,000</b>	<b>10,993,198</b>	<b>10,575,927</b>

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.



# THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
<b>Fixed assets</b>					
Tangible assets	16	805,386		815,539	
Investment properties	15	210,000		210,000	
Investments	17	9,149,002		8,399,777	
		<u>10,164,388</u>		<u>9,425,316</u>	
<b>Current assets</b>					
Debtors falling due after one year	19	26,004		5,001	
Debtors falling due within one year	19	45,531		53,704	
Investments	20	646,000		1,114,000	
Cash at bank and in hand		331,988		197,549	
		<u>1,049,523</u>		<u>1,370,254</u>	
<b>Creditors: amounts falling due within one year</b>	21	<u>(44,445)</u>		<u>(45,775)</u>	
Net current assets		1,005,078		1,324,479	
<b>Total assets less current liabilities</b>		<u>11,169,466</u>		<u>10,749,795</u>	
<b>Provisions for liabilities</b>	22	<u>(176,268)</u>		<u>(173,868)</u>	
<b>Net assets</b>		<u>10,993,198</u>		<u>10,575,927</u>	
<b>Capital funds</b>					
Endowment funds	25	200,000		200,000	
<b>Income funds</b>					
Unrestricted funds	23	9,154,797		9,205,338	
Restricted funds	24	1,638,401		1,170,589	
		<u>10,993,198</u>		<u>10,575,927</u>	

The accounts were approved by the Directors on

17<sup>th</sup> July 2018

*A.P. Haws*

A.P.Haws  
Director

*D. Grosch-Miller*

D.Grosch-Miller  
Director

Company Registration No. 134549

# THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
<b>Cash flows from operating activities</b>					
Cash absorbed by operations	32		(276,187)		(607,455)
<b>Investing activities</b>					
Purchase of tangible fixed assets		(7,207)		(27,613)	
Proceeds on disposal of tangible fixed assets		341,009		578,298	
Purchase of investments		(8,616,647)		(2,405,859)	
Proceeds on disposal of investments		8,197,006		2,116,835	
Rental income		15,000		15,000	
Investment management fees		(9,844)		(9,100)	
Interest / dividends received		265,604		224,749	
<b>Net cash generated from investing activities</b>			184,921		492,310
<b>Net cash used in financing activities</b>			-		-
<b>Net decrease in cash and cash equivalents</b>			(91,266)		(115,145)
Cash and cash equivalents at beginning of year			423,254		538,399
<b>Cash and cash equivalents at end of year</b>			331,988		423,254

# THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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### 1 Accounting policies

#### Charity information

The United Reformed Church (Northern Province) Trust Limited is a private company limited by guarantee incorporated in England and Wales. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the charity. The registered office is 4 College Lane, Newcastle upon Tyne, NE1 8JJ.

#### 1.1 Accounting convention

The accounts have been prepared in accordance with the charity's Memorandum & Articles of Association, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016). The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

#### 1.2 Going concern

At the time of approving the financial statements, the Directors have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.3 Charitable funds

Transfers from the General Reserve Fund to designated funds are made in accordance with the annual budget and in accordance with need. Funds are closed when the purpose for which they were created comes to an end, or it is otherwise resolved to discontinue them.

Details of the nature and purpose of each fund are explained in note 27.  
Designated funds are determined by the Board.

#### 1.4 Incoming resources

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

Income arising on endowed funds is treated as an addition to the endowment.

#### 1.5 Resources expended

Expenditure is accounted for on an accruals basis. Grants payable are voluntary payments to individuals, local URC churches or other organisations in accordance with the purpose of the relevant fund. They are accounted for when they have been approved.

# THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

---

#### 1 Accounting policies

(Continued)

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include staff and governance costs which support the charity and its activities. These costs have been allocated to expenditure on charitable activities. The bases on which support costs have been allocated are set out in note 10.

#### 1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Freehold properties have been brought into the financial statements at the value at which they had previously been included in the accounts of the Northern Synod in 2009. Properties brought in after this date are valued at market value on donation or purchase.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	2% straight line
Fixtures and fittings	25% straight line
Loans	No depreciation

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

#### 1.7 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in profit or loss.

#### 1.8 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in income/ expenditure for the year, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

# THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 1 Accounting policies

(Continued)

##### 1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

##### 1.10 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### *Basic financial assets*

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### *Basic financial liabilities*

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

##### *Derecognition of financial liabilities*

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

##### 1.11 Provisions

Provisions are recognised when the charity has a legal or constructive present obligation as a result of a past event, it is probable that the charity will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in net income/(expenditure) in the period in which it arises.

# THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

#### 1 Accounting policies

(Continued)

##### 1.12 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

##### 1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease.

#### 2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### 3 Donations and legacies

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Donations and gifts	91,607	23,610	115,217	114,669
Legacies receivable	3,355	-	3,355	55
Grants receivable	-	40,000	40,000	-
	<u>94,962</u>	<u>63,610</u>	<u>158,572</u>	<u>114,724</u>
<b>For the year ended 31 December 2016</b>	<u>86,748</u>	<u>27,976</u>		<u>114,724</u>
<b>Donations and gifts</b>				
Contributions from local churches	76,999	-	76,999	79,027
Donations	13,545	7,067	20,612	14,914
M&M contributions	-	16,543	16,543	19,715
Other	1,063	-	1,063	1,013
	<u>91,607</u>	<u>23,610</u>	<u>115,217</u>	<u>114,669</u>

# THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

#### 4 Investments

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Rental income	15,000	-	15,000	15,000
Income from listed investments	227,286	37,036	264,322	223,061
Interest receivable	1,095	187	1,282	1,688
	<u>243,381</u>	<u>37,223</u>	<u>280,604</u>	<u>239,749</u>
<b>For the year ended 31 December 2016</b>	<u>212,721</u>	<u>27,028</u>		<u>239,749</u>

Rental income from investment properties is accounted for under income from investments.

#### 5 Other income

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Gain on disposal of tangible fixed assets	50,398	-	50,398	116,466
Property held for sale	-	170,000	170,000	1,038,950
Sundry income	62	826	888	14,386
Rental income	15,604	-	15,604	15,535
Monies received from investors	-	12,454	12,454	12,000
	<u>66,064</u>	<u>183,280</u>	<u>249,344</u>	<u>1,197,337</u>
<b>For the year ended 31 December 2016</b>	<u>1,184,183</u>	<u>13,154</u>		<u>1,197,337</u>

During the year £826 (2016: £2,239) was collected from individuals and churches for the Refugee fund. This fund was fully donated to various refugee charities during the year.

Various church properties have been handed over to the Trust for sale during 2017. These are shown under property held for sale. The proceeds from the sale of these properties, and those previously donated and held for sale, were received by the Trust. Those properties that remain unsold have been included as current assets in assets held for sale, valued at expected sale value.

THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

6 Raising funds

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Investment management	8,465	1,379	9,844	9,100
	<u>8,465</u>	<u>1,379</u>	<u>9,844</u>	<u>9,100</u>
<b>For the year ended 31 December 2016</b>				
Investment management	8,003	1,097		9,100
	<u>8,003</u>	<u>1,097</u>		<u>9,100</u>

The above fees are calculated as a percentage of the investment portfolio value and commissions are offset against this amount.

7 Charitable activities

	Notes	Discipleship £	Mission Partnership £	Property £	Total 2017 £	Total 2016 £
Direct activities		6,968	11,302	60,688	118,110	197,068
Grant funding	8	4,792	39,202	29,304	48,532	121,830
Support costs	10	75,229	46,169	102,739	69,313	293,450
Governance costs	10	1,568	1,568	1,569	6,274	6,167
		<u>88,557</u>	<u>98,241</u>	<u>194,300</u>	<u>237,524</u>	<u>618,622</u>
<b>Analysis by fund</b>						
Unrestricted funds		88,557	98,241	161,190	229,574	577,562
Restricted funds		-	-	33,110	7,950	41,060
		<u>88,557</u>	<u>98,241</u>	<u>194,300</u>	<u>237,524</u>	<u>618,622</u>
<b>For the year ended 31 December 2016</b>						
Unrestricted funds		73,925	107,289	112,024	308,547	601,785
Restricted funds	8	8	8	45,880	22,712	68,608
		<u>73,933</u>	<u>107,297</u>	<u>157,904</u>	<u>331,259</u>	<u>670,393</u>



# THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

#### 8 Grants payable

	Discipleship £	Mission Partnership £	Property £	Total 2017 £	Total 2016 £
<b>Grants to institutions:</b>					
Robert Stewart Memorial Church	-	-	3,150	3,150	-
St John's URC, Wideopen	-	-	5,113	5,113	-
Keld URC	-	-	5,910	5,910	-
Rothbury URC	-	-	10,260	10,260	-
St James's URC, Alnwick	-	-	23,016	23,016	6,435
Crookham URC	-	3,400	-	3,400	-
Bellingham LEP	-	3,908	-	3,908	3,282
Falstone & Kielder URC	-	4,397	-	4,397	3,750
Ponteland URC and Wideopen URC	-	3,000	-	3,000	-
Faith in the Community	-	7,000	-	7,000	-
Northumbrian Industrial Mission	-	9,000	-	9,000	-
North East Churches Acting Together	-	15,669	-	15,669	-
SENEA	-	-	-	-	76,011
Northgate URC, Darlington	-	-	-	-	32,000
Erskine & St Cuthbert's URC	-	-	-	-	26,410
Roker URC, Sunderland	-	-	-	-	10,000
Redcar URC	-	-	-	-	3,000
St Cuthbert's Centre, Holy Island	-	-	-	-	30,000
Newcastle City Centre Chaplaincy	-	-	-	-	7,500
Mid Northumberland Rural Churches	-	-	-	-	3,000
Less grants no longer required	-	(842)	(2,765)	(9,882)	(23,870)
Minor institutional grants	999	5,375	20,341	7,358	34,073
	999	39,202	29,281	48,532	118,014
					210,697
<b>Grants to individuals</b>	3,793	-	23	-	3,816
	4,792	39,202	29,304	48,532	121,830
					216,928

A full list of the individuals and institutions to which the grants have been committed is available on request from the Synod office.

#### Discipleship

Discipleship grants are awarded for specific developments and projects which strengthen individual or group faith experience.

#### Mission

Mission grants are awarded to fund events and projects central to the company's purpose including promoting evangelism and church growth.

#### Partnership

Partnership grants are awarded to support joint working with ecumenical, community and global partners.

# THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

#### 8 Grants payable

(Continued)

##### Property

Property grants are awarded to support local churches in funding proper care of their properties.

#### 9 Directors

None of the Directors (or any persons connected with them) received any remuneration during the year, but 11 of them were reimbursed a total of £1,434 travelling and other expenses (2016: 8 were reimbursed £741).

#### 10 Support costs

	Support costs	Governance costs	2017	2016
	£	£	£	£
Staff costs	181,904	-	181,904	180,145
Depreciation	2,780	-	2,780	12,813
Office & executive	97,154	-	97,154	22,084
Office staff costs	5,999	-	5,999	9,493
Resource staff costs	5,613	-	5,613	2,273
Auditors remuneration	-	6,000	6,000	6,000
Sundry expenses	-	274	274	167
	<u>293,450</u>	<u>6,274</u>	<u>299,724</u>	<u>232,975</u>
Analysed between				
Charitable activities	<u>293,450</u>	<u>6,274</u>	<u>299,724</u>	<u>232,975</u>

##### Basis of allocation

	Office & executive	Office staff	Resource staff
	%	%	%
Discipleship	25	17	55
Mission	25	13	5
Partnership	25	40	40
Property	25	30	-
	<u>100</u>	<u>100</u>	<u>100</u>

Support and governance costs are allocated as an approximation of average working time for staff costs, and equally between all categories for the running costs of the Synod Office and the Synod Executive Committee.

Governance costs includes payments to the auditors of £5,000 (2016: £5,000) for audit fees and £1,000 (2016: £1,000) for non audit services.

# THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

#### 11 Employees

##### Number of employees

The average monthly number employees during the year was:

	2017 Number	2016 Number
Head count	7	7
Full-time equivalent	5	5

##### Employment costs

	2017 £	2016 £
Wages and salaries	129,454	131,868
Social security costs	10,998	11,247
Other pension costs	41,452	37,030
	<u>181,904</u>	<u>180,145</u>

Key management are considered to be the Directors of the Trust, none of whom received any remuneration this year or in the previous year.

There were no employees whose annual remuneration was £60,000 or more.

#### 12 Other expenditure

	Unrestricted funds	Restricted funds	Total 2017 £	Total 2016 £
Loss on disposal of tangible fixed assets	66,599	-	66,599	-
Monies paid to investors	-	14,630	14,630	9,288
Charity collections paid out	-	3,669	3,669	-
	<u>66,599</u>	<u>18,299</u>	<u>84,898</u>	<u>9,288</u>
For the year ended 31 December 2016	<u>-</u>	<u>9,288</u>		<u>9,288</u>

#### 13 Net gains/(losses) on investments

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Revaluation of investments	470,568	84,721	555,289	714,949
For the year ended 31 December 2016	<u>615,340</u>	<u>99,609</u>		<u>714,949</u>

# THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 14 Other gains or losses

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Fair value movement on assets held for sale	114,000	-	114,000	-
<b>For the year ended 31 December 2016</b>	<b>-</b>	<b>-</b>		<b>-</b>

### 15 Investment property

	2017 £
<b>Fair value</b>	
At 1 January 2017 and 31 December 2017	210,000

The above property, Blyth URC, was obtained in 2009 and included at a valuation derived from the market value as calculated by an independent valuer. The trustees consider that no material variation in the fair value of the property has occurred since this valuation, as such no change in value has been recognised.

### 16 Tangible fixed assets

	Freehold land and buildings £	Fixtures and fittings £	Loans £	Total £
<b>Cost</b>				
At 1 January 2017	559,950	33,947	289,699	883,596
Additions	-	7,207	-	7,207
Disposals	-	-	(3,210)	(3,210)
At 31 December 2017	559,950	41,154	286,489	887,593
<b>Depreciation and impairment</b>				
At 1 January 2017	36,169	31,888	-	68,057
Depreciation charged in the year	11,370	2,780	-	14,150
At 31 December 2017	47,539	34,668	-	82,207
<b>Carrying amount</b>				
At 31 December 2017	512,411	6,486	286,489	805,386
At 31 December 2016	523,781	2,059	289,699	815,539

Freehold properties comprised in the total above are functional assets and managed by the Trust. Loans relate to properties for the purpose of providing houses for some ministers, retired ministers and their spouses. These properties are managed by the United Reformed Church Retired Ministers Housing Society nationally.

# THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

#### 17 Fixed asset investments

	UK listed investments	Ex-UK listed investments	Common investment fund	Traidcraft Investment	Cash in portfolio	Total
	£	£	£	£	£	£
<b>Cost or valuation</b>						
At 31 December 2017	6,160,117	2,012,449	-	1,506	225,705	8,399,777
Additions	1,462,111	-	7,154,536	-	-	8,616,647
Valuation changes	388,152	184,524	(17,388)	-	-	555,288
Transfers	(2,010,348)	-	2,010,348	-	-	-
	-	-	-	-	(225,705)	(225,705)
Disposals	(6,000,032)	(2,196,973)	-	-	-	(8,197,005)
At 31 December 2017	-	-	9,147,496	1,506	-	9,149,002
<b>Carrying amount</b>						
At 31 December 2017	-	-	9,147,496	1,506	-	9,149,002
At 31 December 2016	6,160,117	2,012,449	-	1,506	225,705	8,399,777
<b>Historical cost</b>						
At 31 December 2017	5,550,458	1,322,131	-	1,506	-	6,874,095
At 31 December 2016	4,929,541	1,528,465	-	1,506	225,705	6,685,217

All investments are held in a common investment fund run by CCLA. Underlying investments are mainly in equities (72.4%) both those of UK companies and derived from markets overseas. The companies are selected for investment based on the ethical principles laid down by CCLA, which also pursues an active shareholder policy in relation to activities of individual companies.

These investments were previously held in an investment portfolio managed by UBS AG. During the year shares with a market value of £2,010,348 were transferred to CCLA. The remaining portfolio was sold and the proceeds invested in the new fund.

Investments in the common investment fund are included at fair value, the basis of which is equivalent to market value, but shares in Traidcraft plc are recorded at cost. The Traidcraft shares represent a programme-related equity investment, in pursuit of the Synod's aims to make a difference in the wider world and link with global issues.

Investment management fees are paid by the company as a deduction from income, before allocation to each fund in the pool.

**THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

<b>18</b>	<b>Financial Instruments</b>	<b>2017</b>	<b>2016</b>
		<b>£</b>	<b>£</b>
	<b>Carrying amount of financial assets</b>		
	Debt instruments measured at amortised cost	56,048	43,201
	Equity instruments measured at cost less impairment	9,149,002	8,399,777
	Instruments measured at fair value through profit or loss	646,000	1,114,000
		<u>          </u>	<u>          </u>
	<b>Carrying amount of financial liabilities</b>		
	Measured at amortised cost	44,445	45,775
		<u>          </u>	<u>          </u>
<b>19</b>	<b>Debtors</b>	<b>2017</b>	<b>2016</b>
		<b>£</b>	<b>£</b>
	<b>Amounts falling due within one year:</b>		
	Other debtors	30,044	38,200
	Prepayments and accrued income	15,487	15,504
		<u>          </u>	<u>          </u>
		45,531	53,704
		<u>          </u>	<u>          </u>
	<b>Amounts falling due after more than one year:</b>	<b>£</b>	<b>£</b>
	Other debtors	26,004	5,001
		<u>          </u>	<u>          </u>
	<b>Total debtors</b>	<b>71,535</b>	<b>58,705</b>
		<u>          </u>	<u>          </u>
<b>20</b>	<b>Current asset investments</b>	<b>2017</b>	<b>2016</b>
		<b>£</b>	<b>£</b>
	Assets held for sale	646,000	1,114,000
		<u>          </u>	<u>          </u>
<b>21</b>	<b>Creditors: amounts falling due within one year</b>	<b>2017</b>	<b>2016</b>
		<b>£</b>	<b>£</b>
	Other creditors	17,317	24,260
	Accruals and deferred income	27,128	21,515
		<u>          </u>	<u>          </u>
		44,445	45,775
		<u>          </u>	<u>          </u>

**THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

<b>22 Provisions for liabilities</b>	<b>2017 £</b>	<b>2016 £</b>
Grant provisions	113,268	173,868
Pension provisions	63,000	-
	<u>176,268</u>	<u>173,868</u>

**Movements on provisions:**

	<b>Grant provisions £</b>	<b>Pension provisions £</b>	<b>Total £</b>
At 1 January 2017	173,869	-	173,869
Additional provisions in the year	121,830	63,000	184,830
Reversal of provision	(9,882)	-	(9,882)
Utilisation of provision	<u>(172,549)</u>	<u>-</u>	<u>(172,549)</u>
At 31 December 2017	<u>113,268</u>	<u>63,000</u>	<u>176,268</u>

Included in the above grants are amounts which are expected to be paid after more than one year totalling £26,946 (2016: £57,892).

Grants are normally awarded with a maximum contribution towards costs and a time frame to be claimed. If the grant is under spent or not claimed within the allotted time frame, the unclaimed grant provision is reversed.

A full list of the individuals and institutions to which the grants have been committed is available on request from the Synod office.

# THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 23 Unrestricted funds

	Movement in funds				
	Balance at 1 January 2017	Incoming resources	Resources expended	Transfers Revaluations, gains and losses	Balance at 31 December 2017
	£	£	£	£	£
General fund	578,209	322,552	(329,038)	800	604,986
General reserve	2,011,055	-	(63,000)	(1,500)	2,079,093
Property valuations	1,940,095	50,398	(77,969)	(341,009)	1,457,515
Manse fund	2,971,263	1,392	(43,037)	156,608	3,282,490
Property fund	367,955	23,312	(89,787)	22,011	351,331
Mission fund	1,159,993	5,690	(41,207)	(95,800)	1,107,592
Ministers' pension	163,402	-	-	-	163,402
Dr Brand legacy	13,366	1,063	-	-	15,357
Synod Way Forward Fund	-	-	(8,588)	100,000	93,031
	<u>9,205,338</u>	<u>404,407</u>	<u>(652,626)</u>	<u>(158,890)</u>	<u>9,154,797</u>

### 24 Restricted funds

	Movement in funds				
	Balance at 1 January 2017	Incoming resources	Resources expended	Transfers Revaluations, gains and losses	Balance at 31 December 2017
	£	£	£	£	£
Dales fund	34,162	-	-	-	36,415
Ministry & mission fund	97,464	16,543	(11,169)	-	110,342
Moderator's benevolent fund	9,276	41	(82)	-	9,235
Mozambique partnership fund	12,594	444	(16)	1,500	15,455
Mozambique project fund	2,677	4,028	(6,330)	-	399
Northumberland project fund	1,480	-	-	1,505	3,182
Student's fund	8,228	-	-	-	8,771
Pulpit supply fund	(273)	3,011	(3,223)	495	10
Refugee fund	2,842	826	(3,668)	-	-
Trust capital funds	384,428	187,381	(16,309)	155,390	743,373
Church funds	617,711	32,665	(19,941)	-	671,219
Northernly Synod listening and rec fund	-	40,000	-	-	40,000
	<u>1,170,589</u>	<u>284,939</u>	<u>(60,738)</u>	<u>158,890</u>	<u>1,638,401</u>



**THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

**25 Endowment funds**

	Balance at 1 January 2017 £	Movement in funds		Balance at 31 December 2017 £
		Incoming resources £	Resources expended £	
<b>Permanent endowments</b>				
RMH endowed fund	200,000	-	-	200,000
	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>200,000</u>

**26 Analysis of net assets between funds**

	Unrestricted £	Restricted £	Endowed £	Total £
Fund balances at 31 December 2017 are represented by:				
Tangible assets	605,386	-	200,000	805,386
Investment properties	210,000	-	-	210,000
Investments	7,455,675	1,693,327	-	9,149,002
Current assets/(liabilities)	975,387	29,691	-	1,005,078
Provisions	(91,651)	(84,617)	-	(176,268)
	<u>9,154,797</u>	<u>1,638,401</u>	<u>200,000</u>	<u>10,993,198</u>

# THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 27 Nature and purpose of funds

##### ***General fund***

This fund is unrestricted, and was set up by Trust resolution in 2009, and designated for the day-to-day running of the Northern Synod. It was originally formed by combining various designated funds, and is now funded from contributions from local churches, investment income and property sales. This asset is represented by pooled investments and cash and office furniture and fittings.

##### ***General reserve fund***

This fund is unrestricted, and consists of all the undesignated monies of the Synod. This asset is represented by pooled investments and cash.

##### ***Property valuations fund***

This fund is unrestricted, and was set up in 2009. This asset is represented solely by property.

##### ***Manse fund***

This fund is unrestricted, and was set up in 2006, and is funded from the sale of manses and retired ministers' houses. This asset is represented by pooled investments and cash.

##### ***Property fund***

This fund is unrestricted, and was set up by Trust resolution in 2009 and is designated for making grants to churches and expenses incurred by the Trust in respect of property matters. It is funded from the sale of churches and halls and is represented by pooled investments and cash.

##### ***Mission fund***

This fund is unrestricted, and was set up by Trust resolution in 2009. This fund is designated for the provision of grants for small church/community projects and longer term Partners in Mission projects which will require more substantial funding. The fund is a combination of the Development Fund and a legacy received, and is now funded from the sales of properties and donations from local churches. This asset is represented by pooled investments and cash.

##### ***Ministers' pension fund***

This fund is unrestricted and is designated for contributing to the deficit on the URC ministers' pension fund. It arises from the sale of churches and is represented by pooled investments and cash.

##### ***Dr Brand legacy fund***

This fund is unrestricted and arises from legacy income and is represented by pooled investments and cash.

##### ***Synod Way Forward Fund***

This fund is unrestricted and designated to manage costs relating to the Synod Way Forward. It is represented by pooled investments and cash.

##### ***Dales fund***

The Dales Fund is restricted and is used to support rural ministry and properties in Swaledale. It is represented by pooled investments and cash.

##### ***Ministry and mission fund***

This fund is restricted, and was set up in 1992, for the sole purpose of meeting ministry and mission commitments as necessary. It arises from accumulated surpluses and transfers from the Lancashire Congregational Union and North Tyne fund. Contributions from and to ecumenical partners are posted through this fund. This asset is represented by pooled investments and cash.

# THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 27 Nature and purpose of funds

(Continued)

##### ***Moderator's benevolent fund***

This fund is restricted, and was set up in 1996 for the sole purpose of making discretionary grants to individuals. It arises from donations received by the Moderator. This asset is represented by one designated bank account and pooled investments and cash.

##### ***Mozambique partnership fund***

This fund is restricted and was created in 2010 to sustain the partnership between Northern Synod and the Igreja Presbiteriana de Moçambique. The fund is supported by general donations from individuals and the General Reserve Fund. The asset is represented by pooled investments and cash.

##### ***Mozambique project fund***

This fund was established in 2010 and is restricted. The fund was set up to collect donations from individuals, to support specific projects relating to the Partnership in Mozambique. The asset is represented by pooled investments and cash.

##### ***Northumberland project fund***

This fund is restricted and was set up for the sole purpose of making grants for suitable projects in North Northumberland. This donation was received from Chatton United Reformed Church on closure of the church during 2016. The fund is to be held for a period of 5 years. The asset is represented by pooled investments and cash.

##### ***Students' fund***

The Students' Fund was transferred from Newcastle Presbytery and is restricted to provide book grants to ministerial students. The asset is represented by pooled investments and cash.

##### ***Pulpit supply fund***

This fund is restricted and was set up in 2011 to collect contributions from local churches and pay preaching fees and expenses in Northumberland. This asset is represented by pooled investments and cash.

##### ***Refugee fund***

This fund is restricted and was set up as part of a Synod-wide appeal. Monies will be held ready for use for local needs among refugees, when settling in the region.

##### ***Trust capital funds***

These funds are restricted and arose from the sale of properties, and have been designated by Synod resolution for specific churches. These assets are represented by pooled investments and cash.

##### ***Church funds***

These funds are restricted and are held on behalf of local churches. These assets are represented by pooled investments and cash.

##### ***Northernly Synods Listening and Reconciliation Fund***

This fund is restricted and was set up in 2017. This fund will manage the grant received for this project in the five Northernly Synods and represented by cash.

# THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 28 Operating lease commitments

##### **Lessor**

The company owns an investment property for rental purposes. Rental income earned during the year was £15,000. The property has a committed tenant until 2024.

At the reporting end date the charity had contracted with tenants for the following minimum lease payments:

	2017 £	2016 £
Within one year	15,000	15,000
Between two and five years	60,000	60,000
In over five years	30,000	45,000
	<u>105,000</u>	<u>120,000</u>

#### 29 Related party transactions

There were no disclosable related party transactions during the year (2016: none).

#### 30 Properties vested in the company as custodian trustee

A comprehensive list of properties vested in the company is available on request to the URC Northern Synod Office.

#### 31 Retirement benefit schemes

##### **Final salary (defined benefit) pension scheme**

The Trust contributes to a lay staff pension scheme known as the 'Final Salary' scheme, which is administered by TPT Retirement Solutions (formerly The Pensions Trust). This is operated as a defined benefit scheme but the Trust is not the only participating employer in the scheme. There is no agreement to charge the net defined benefit cost to participating employers, who are therefore unable to identify their share of the underlying assets and liabilities - each employer pays a common contribution rate.

Triennial actuarial valuations of the whole Final Salary scheme are performed by a qualified independent actuary. The most recent formal actuarial review of the scheme was September 2016, when the scheme had a deficit of £5,445k.

During 2017 the Trust contributed 28.2% (2016: 28.2%) of basic salary in respect of members of the Final Salary scheme which includes 10.5% as deficit funding and 3.2% to meet expenses and levies. Members contributed at a rate of 6% to September 2016 and then at 7.5% from October 2016 (2015: 6%) of pensionable salary throughout the year.

During the year an one-off exercise was undertaken to identify the split of the liability by employer and the Trust was requested to make a contribution of £63,000.

**THE UNITED REFORMED CHURCH (NORTHERN PROVINCE) TRUST LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

<b>32 Cash generated from operations</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Surplus for the year	417,271	1,577,978
Adjustments for:		
Investment income recognised in statement of financial activities	(280,604)	(1,278,699)
Investment expenditure recognised in investing activities	9,844	9,100
Loss/(gain) on disposal of tangible fixed assets	16,201	(116,466)
Fair value gains and losses on investments	(555,289)	(714,949)
Fair value movement on assets held for sale	114,000	-
Depreciation and impairment of tangible fixed assets	14,150	12,813
Movements in working capital:		
(Increase) in debtors	(12,830)	(32,494)
(Decrease)/increase in creditors	(1,330)	20,189
(Decrease)/increase in provisions	2,400	(84,927)
Cash absorbed by operations	<u>(276,187)</u>	<u>(607,455)</u>